

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2647 - SB 3085

February 15, 2010

SUMMARY OF BILL: Requires the University of Tennessee (UT) and the Tennessee Board of Regents (TBR) to use length of service, total state service, departmental service, and the functional needs of the unit when conducting reduction-in-force activities. Requires UT and TBR to give affected employees 90 days advance notice before commencing any such activities. In lieu of advance notice, affected employees shall receive equivalent pay and benefits, including the employer portion of health insurance premiums. Such notification and payments shall be in addition to payment for unused annual or compensatory leave. Requires UT and TBR to maintain of list of employees affected by such activities for the purpose of establishing a recall order if performed.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – UT and TBR estimate that each time a reduction-in-force activity is performed, state expenditures will increase approximately \$670,000.

Assumptions:

- Currently, UT and TBR set their own reduction-in-force policies. They will not be able to meet the 90 notice requirement in many cases and will pay additional severance benefits.
- The UT and TBR average employee salary is \$40,000. UT and TBR estimate that a typical 90 day amount of salary and benefits is \$10,000 per affected employee.
- According to UT and TBR the estimated combined number of affected employees in a typical reduction in force activity is 67. Each reduction-in-force activity will increase state expenditures approximately \$670,000 (\$10,000 x 67).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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